



**ILLUSTRATIVE REPORT
OF THE BOARD OF DIRECTORS OF BANCA GENERALI S.P.A.
CONCERNING ITEM 2 ON THE AGENDA OF THE ORDINARY
SHAREHOLDERS' MEETING**

“Appointment and definition of the remuneration of the Board of Directors for the three-year period 2021-2023:

- (a) definition of the number of members of the Board of Directors in office for the financial years ending 31 December 2021, 2022 and 2023. Relevant and ensuing resolutions;***
- (b) appointment of the Board of Directors for the financial years ending 31 December 2021, 2022 and 2023. Relevant and ensuing resolutions;***
- (c) definition of the remuneration of the members of the Board of Directors for the financial years ending 31 December 2021, 2022 and 2023. Relevant and ensuing resolutions.”***

(Prepared pursuant to Article 125-ter of Legislative Decree No. 58 of 24 February 1998, as subsequently amended and extended, and pursuant to Article 84-ter of the Regulation adopted with Consob Resolution No. 11971 of 14 May 1999, as subsequently amended and extended)

Shareholders,

upon the Ordinary Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2020, the mandate of your Company's Directors, conferred by the General Shareholders' Meeting on 12 April 2018 for the three-year period 2018-2020 is coming to an end.

Therefore, you are called upon to pass a resolution, pursuant to Article 15 of the Articles of Association, appointing the new Board of Directors, with prior definition of the number of Directors comprising it (which the Shareholders' Meeting held on 12 April 2018 had set at nine for the mandate that has now ended), that will remain in office through to the date on which the General Shareholders' Meeting scheduled for the approval of the Financial Statements for the year ending 31 December 2023 is actually held, in consideration of the three-year duration of the mandate *inter alia* pursuant to Article 15, paragraph 2, of the Articles of Association.

In expressing thanks and appreciation to the members of the current administrative body for their fruitful efforts carried out in the interest of the Company so far, it is worth pointing out that pursuant to Article 15 of the Articles of Association, the Board of Directors is made up of no less than seven (7) and no more than (12) members and that the Board of Directors is appointed on the basis of lists.

In particular, it should be recalled that:

- a) all the candidates must:
 - possess the requirements of professionalism, integrity and independent judgement, meet the criteria of competence, correctness, time commitment, and the specific limits to the number of directorships posed by applicable regulations in force to discharge the task of director of a bank issuing shares listed on regulated markets;
 - not fall within the grounds of incompatibility set forth by applicable regulations in force, including Article 36 of Law No. 214 of 22 December 2011;
- b) as regards the independence requirements, the majority of the candidates must meet the requirements set out in the Corporate Governance Code of Borsa Italiana S.p.A. in addition to those prescribed by current legislation. In this regard, it should be recalled that the Company is subject to management and coordination by Assicurazioni Generali S.p.A. (an Italian company with shares listed on regulated markets). Accordingly, the Board of Directors must consist of a majority of independent directors, pursuant to the provisions of Article 16, paragraphs 1(d) and 2, of the Regulation adopted with Consob by Resolution No. 20249 of 28 December 2017;
- c) each candidate may appear on only one list, upon penalty of ineligibility.

The Board of Directors must also comply with the gender diversity principle set forth by the applicable regulations. Therefore, in the next three-year mandate, at least two fifths – rounding up where necessary pursuant to Article 144-*undecies*1., paragraph 3 of the Regulation adopted by Consob with Resolution No. 11971 of 14 May 1999 – of the members of the Board of Directors shall be elected from the less represented gender.

Finally, pursuant to Article 12 of the Decree of the Ministry of the Economy and Finance No. 169 of 23 November 2020, Bank of Italy Circular No. 285/2013 and Recommendation No. 23 of the Corporate Governance Code of Borsa Italiana S.p.A., the outgoing Board of Directors, with the favourable opinion of the Nomination Governance and Sustainability Committee, formulated the qualitative and quantitative composition of the Board of Directors deemed optimal, defining the individual requirements and the qualitative and quantitative profile that the new Board should collectively reflect. This Report, approved on 23 February 2021, which the Shareholders are invited to take into due account when filing lists, is available from the corporate website at the address www.bancagenerali.com in the “*governance/AGM*” section.

With reference to the methods of preparation and presentation of the lists, we remind you that the lists contain a number of candidates no higher than the number of members to be elected, also ensuring compliance with the gender requirement, listed by progressive number with a specific indication of the candidates who fulfil the statutory requirements of independence set forth by applicable legal and regulatory provisions, as well as by the Corporate Governance Code adopted by Borsa Italiana S.p.A.

Any and all shareholders who, individually or jointly with others, represent at least 1.00% of the share capital, are entitled to submit a list.

Pursuant to Article 15 paragraph 5 of the Articles of Association, each shareholder, as well as (i) shareholders belonging to the same group, the latter term being defined to include the party, which need not necessarily be a corporation, exercising control within the meaning of Article 2359 of the Italian Civil Code, and each subsidiary controlled by, or under the common control of the said party, or (ii) shareholders who have entered into the same shareholders' agreement within the meaning of Article 122 of Legislative Decree No. 58 of 24 February 1998, or (iii) shareholders who are otherwise associated with each other by virtue of associative relationships contemplated under the applicable statutory and/or regulatory framework, may submit, either on their own or jointly with other Shareholders, directly or through third party intermediaries, or trust companies, a single list of candidates, under pain of disqualification of the list.

The lists submitted by entitled shareholders must be filed, by the means illustrated in detail in the notice of meeting, no later than twenty-five days prior to the date set for the Shareholders' Meeting in first call. However, since the above deadline for filing lists of candidates for the office of member of Board of Directors falls on a holiday, it has been extended, for the benefit of the Shareholders, until the next business day (*i.e.*, 29 March 2021). The aforementioned lists must be accompanied by the information on the identity of shareholders who submitted the lists, with an indication of the percentage of share capital held collectively, as well as the following documentation:

- a) the *curriculum vitae* of each candidate, containing exhaustive information on the candidate's personal and professional features;
- b) a declaration by shareholders other than those who, even jointly, hold a controlling interest or relative majority stake, attesting to the absence of associative relationships with the latter;
- c) the declarations filed by each candidate, in which the candidate – where nominated – commits to accept the office and also certifies, under his/her own responsibility, the inexistence of causes of incompatibility and of ineligibility, the possession of the requisites and the criteria established by law and corporate governance rules as indicated above and as cited in the report on the optimal qualitative and quantitative profile of the Board of Directors.

Certifications from authorised brokers attesting to the collective ownership interest held as at the date of filing of the list must be delivered to the Company by 1 April 2021.

Shareholders who intend to submit lists for the appointment of the Board of Directors are required to comply with the recommendations made by Consob in its Communication No. DEM/9017893 of 26 February 2009, to which the reader is referred. In this regard, it should be noted that lists submitted by shareholders other than those who, separately or collectively, hold a controlling or majority interest must be accompanied by a declaration that there are no associative relationships in respect of such shareholders pursuant to Article 147-ter, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 and Article 144-quinquies of Consob Regulation No. 11971/1999, also considering the cases specified in the above Consob Communication No. DEM/9017893.

The election of the Board of Directors will be carried out as provided for by Article 15, paragraphs 10, 11 and 12 of the Articles of Association. Should only one list be submitted, all the members of the Board of Directors shall be appointed from the said list. Should, on the other hand, two or more lists be submitted, the first candidates on the list obtaining the greatest number of votes, equal to eight ninths of the number of members of the Board of Directors determined by the Shareholders' Meeting – with rounding down in the case of split number – will be elected Board members.

The remaining directors will be taken from other lists, not linked in any way, not even indirectly, with the shareholders who submitted or voted for the list which gained the highest number of votes, and to this end the votes obtained by said lists will subsequently be divided by one, two, three and so on, according to the number of directors to be elected. The ratios obtained in this way will be progressively assigned to the candidates of each of the lists, according to the respectively established order of said lists.

The ratios thus attributed to the candidates of the various lists will be set out in a single decreasing list.

Adequate replacement mechanisms are envisaged in order to ensure that the number of independent directors appointed complies with relevant regulations and the gender balance required by applicable laws is met.

Lists submitted in disregard of the provisions set forth in Article 15 of the Articles of Association shall be considered as never having been submitted.

In light of the above, in inviting you to pass a resolution on the appointment of the members of the Board of Directors, after determining the number thereof at 9 (nine), in line with the indications provided by the outgoing Board of Directors and included in the report on the optimal qualitative and quantitative composition, and electing the said members from one of the lists submitted by the persons and parties entitled to do so, in accordance with the above-mentioned provisions of the Articles of Association, it is pointed out that the text of the related shareholders' resolution will reflect the outcome of the ballot, with the first candidate appearing on the list obtaining the highest number of votes being appointed Chairman.

** *** **

Besides the appointment of the Board of Directors for the three-year period 2021-2023, you are also invited to pass a resolution determining the remuneration of the members of the Board of Directors, pursuant to Article 2389, paragraph 1, of the Italian Civil Code and Article 13, paragraph 2, of the Articles of Association.

In such regard, it must be pointed out that the remuneration due to Company Directors – as defined by the Shareholders' Meeting held on 12 April 2018 – is comprised of a fixed component in the gross annual amount of 45,000.00 euros over and above the refund of out-of-pocket expenses incurred in the performance of their duties. The remuneration of the Chairman of the Board of Directors is comprised of a fixed component in the gross annual amount of 70,000.00 euros, over and above the refund of out-of-pocket expenses incurred in the performance of his duties.

In relation to the foregoing, in view of the appointment of the new Board – in accordance with the recommendations of the Chairman of the Italian Corporate Governance Committee that it be verified whether the amount of the remuneration of non-executive directors (and members of the board of statutory auditors) is adequate to the expertise, professionalism and commitment required by their duties – the Company engaged an independent external expert to conduct a benchmark analysis on a sample of the main Italian financial companies listed on the FTSE MIB and FTSE MID CAP index comparable to Banca Generali by size, in which the remuneration of its directors was found to be generally aligned with the market median.

Nonetheless, in view of the changes in the Bank's size and operations compared to the previous term, and of the future challenges that it will be called upon to face, and thus of the correlated greater commitment required due to the specific role and the new legislative framework established in the interim, which has increased competition amongst intermediaries by introducing stringent selection criteria for members and limits on concurrent positions also applicable to listed Italian banks not subject to supervision by the ECB (see, in this regard, Decree of the Italian Ministry of the Economy and Finance No. 169/2020), the outgoing Board of Directors believes that, in the specific case of the Chairman, the current remuneration equal to a gross annual amount of 70,000.00 euros may be increased.

Given the foregoing, the outgoing Board of Directors proposes that:

- 1) it be put to the Shareholders to formulate, when lists of candidates are filed, a proposal for the remuneration to be awarded to each member of the Board of Directors;
- 2) it be put to the Shareholders to formulate, when lists of candidates are filed, a proposal for the remuneration to be awarded to the Chairman of the Board of Directors, in view of the importance attached to the role of Chairman of the Board of Directors by the regulations, and by Bank of Italy Circular No. 285/2013 in particular;
- 3) the newly elected Board of Directors be tasked, pursuant to Article 19 of the Articles of Association, in consultation with the Board of Statutory Auditors, with determining the remuneration to be assigned to the other Directors entrusted with specific tasks in accordance with the Articles of Association, including those to be appointed members of Board committees, while continuing to ensure that the amount of the consideration granted is adequate to the expertise, professionalism and commitment required by the position.

In light of the foregoing, as you are invited to pass a resolution on the remuneration to be awarded in particular to the members of the Board of Directors and the Chairman of the Board of Directors, please be advised that the relevant text of the Shareholders' resolution will reflect the outcome of the motions submitted and the resulting votes.

** *** **

The Board of Directors therefore invites you to pass the appropriate resolutions regarding the appointment, prior determination of the number, and determination of the remuneration of the Board of Directors for the three-year period 2021-2023, and specifically:

- (a) to define the number of the members of the Company's Board of Directors for the financial years ending 31 December 2021, 2022 and 2023;
- (b) to appoint the Board of Directors for the financial years ending 31 December 2021, 2022 and 2023, according to list voting, pursuant to the Law and the Articles of Association;
- (c) to define the remuneration of the Board of Directors for the financial years ending 31 December 2021, 2022 and 2023.

Milan, 5 March 2021

THE BOARD OF DIRECTORS